

Case Nos. 07-7757 (CM) and 07-7941 (CM)

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

In re: ENRON CREDITORS RECOVERY CORP., f/k/a Enron Corp., et al.,

Reorganized Debtors.

JPMORGAN CHASE BANK, N.A., CREDIT SUISSE FIRST BOSTON, DEUTSCHEBANK
TRUST COMPANY AMERICAS, FARALLON CAPITAL MANAGEMENT, LLC, KING
STREET CAPITAL L.P., REDWOOD PARTNERS, SILVER POINT CAPITAL L.P.,

Appellants,

–against–

THE BAUPOST GROUP, LLC, ABRAMS CAPITAL, LLC, ENRON CREDITORS
RECOVERY CORP., f/k/a Enron Corp., et al.,

Appellees.

*Appeal from the United States Bankruptcy Court for the Southern
District of New York, Case No. 01-16034 (Jointly Administered)*

REORGANIZED DEBTORS' BRIEF CONFIRMING NEUTRALITY ON APPEAL

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Enron Creditors Recovery Corp., f/k/a Enron Corp. (“Enron”), and its affiliated reorganized debtor entities (collectively, the “Reorganized Debtors”) file this brief to confirm their neutrality in connection with the appeals (the “Appeals”) filed by JP Morgan Chase Bank, N.A. (“JPMC”), as agent with respect to certain financing transactions commonly referred to as the Choctaw and Zephyrus transactions (the “Choctaw/Zephyrus Transactions”), and certain holders of the Choctaw/Zephyrus Transactions (the “Choctaw/Zephyrus Appellants,” and together with JPMC, the “Appellants”) from the order (the “Order”), dated July 24, 2007, of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) sustaining in part and overruling in part the limited objection (the “Limited Objection”) of The Baupost Group, LLC and Abrams Capital, LLC (collectively, the “Appellees”) to the approval of Amended Schedule S to the Plan Supplement (“Amended Schedule S”).

REORGANIZED DEBTORS’ CONFIRMATION OF NEUTRALITY ON APPEAL

1. On October 20, 2005, the Bankruptcy Court held a hearing (the “Hearing”) on the Limited Objection.¹ At the Hearing, the Reorganized Debtors advised the Bankruptcy Court that the issues raised in the Limited Objection involved an inter-creditor dispute.² The Reorganized Debtors stated that they were neutral as to this dispute because, among other things, the Limited Objection had no impact on the amount of funds available for distribution to creditors receiving the benefit of subordination under Amended Schedule S, but went solely to a determination of the creditors who would receive that benefit.³

¹ Appellants’ Appendix, Tab 21.

² *Id.* at pp 6-7.

³ *Id.*

2. On July 24, 2007, the Bankruptcy Court entered the Order and attached a Second Amended Schedule S that updated Amended Schedule S.⁴ On August 3, 2007 and August 13, 2007, respectively, JPMC and the Choctaw/Zephyrus Appellants filed the Appeals.⁵ On October 5, 2007, the Appellants filed their Opening Brief of the Appeals.

3. Upon a review of the issues and arguments raised in the Appellants' Opening Brief, along with all documents related thereto, the Reorganized Debtors remain neutral with respect to this inter-creditor dispute. Accordingly, the Reorganized Debtors do not intend to submit a substantive brief concerning the issues in the Appeals. The Reorganize Debtors, however, reserve their rights to further modify Second Amended Schedule S in order to consistently apply this Court's ruling with respect to the issues raised in the Appeals.

Dated: November 2, 2007
New York, New York

/s/ Brian S. Rosen
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⁴ Appellants' Appendix, Tab 1.

⁵ Appellants' Appendix, Tabs 3 and 4.